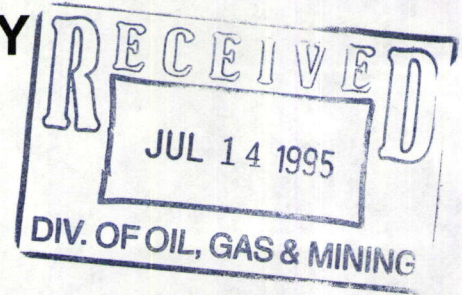


JUMBO MINING COMPANY

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DOGM
MINERALS PROGRAM
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File: DOG07115
July 11, 1995

Mr. D. Wayne Hedberg, Permit Supervisor
State of Utah, Dept. of Natural Resources
Utah Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center - Suite 350
Salt Lake City, Utah 84180-1203

Re: Reclamation/Drum Mine--Millard County--M/027/007

Dear Mr. Hedberg:

In your 'Temporary Draft' letter dated May 10, 1995 you indicated that you hoped to have a decision and response letter sent to me "within the next couple of weeks regarding the outstanding topsoil reclamation cost estimate." Some time has passed since this letter, and I would like to advise you of progress on our end and find out if there is anything we can do to expedite matters at your end. For ready reference, the following items are taken from your May 10 Draft letter:

1) Topsoil---You indicated that the Division was evaluating our topsoiling cost estimates and was preparing its own estimate. Can you give us an estimate of the date on which this might be completed, and is there anything we can do to help complete the estimates?

2) Other reclamation estimates---You indicated that in the interest of time you may request that JMC post an interim reclamation surety which would be based on the original WSMC surety estimate along with additional projected reclamation costs associated with the more recently approved and/or proposed (post - WSMC) disturbed areas.

In order to obtain the necessary information regarding these potential reclamation activities, our engineering design consultant, Dr. Evert Lawton, has been in communication with the Utah Department of Environmental Quality, Division of Water

Quality and is working out final engineering designs for the new heap that is planned to replace the old heaps, when and if production can be resumed at the mine.

A critical element of this process is the determination of the nature and extent of the pre-existing ground water contamination which we discovered shortly after taking over the property from Western. We have been in communication with the Division of Water Quality and have agreed upon a sampling procedure for retesting the monitoring wells which JMC drilled surrounding the old heaps. Because several years have passed since the previous sampling was done, and additional analyses have been requested, this resampling was requested by the Division. The Division has indicated that it will not be in a position to determine what reclamation, if any, will have to be done until the results of this resampling will have been evaluated. Obviously, no bonding amount can be estimated until a meeting of minds is reached with the Division.

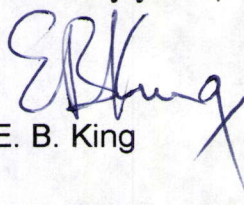
3) Updates to permits---As a part of your calculation of a revised surety amount, your staff is reviewing all applicable permit conditions and will advise JMC accordingly of any outstanding requirements or necessary updates. Is there anything we can do to assist you in this regard?

4) A revised Plan of Operations will be required by the BLM and DOGM, reflecting the 'as built conditions' which might differ from those shown in WSMC's originally approved Plan, as well as any new disturbances and changes which might be contemplated in the future by JMC.

We are waiting for approvals of our new heap designs and agreement with the DWQ regarding ground water reclamation, if any, so that we can include these essential ingredients in our revised Plan of Operations. Please be assured that we will submit this new Plan promptly after we will have reached agreement with these other agencies on these two matters.

If there are any questions or any further information is required from Jumbo, please give me a call. As always, either Dave Hartshorn or I will be pleased to meet with you on the site or in Salt Lake City to expedite the conclusion to this matter.

Sincerely yours,


E. B. King

cc: D. Hartshorn/Drum Mine
ZLS, WEM